

**BY-LAWS
OF
CHAPEL HILL PROPERTY OWNERS ASSOCIATION, INC.**

**ARTICLE I
NAME AND LOCATION**

The name of the corporation is **CHAPEL HILL PROPERTY OWNERS ASSOCIATION, INC.** The principal office of the corporation shall be located at 708 SW "C" Street, Suite 1, Bentonville, Arkansas, but meetings of members and directors may be held at such places within Benton County, Arkansas, as may be designated by the Board of Directors.

**ARTICLE II
DEFINITIONS**

Section 1. "Association" shall mean and refer to Chapel Hill Property Owners Association, Inc., its successors and assigns.

Section 2. "Properties" shall mean and refer to the following described real property: CHAPEL HILL SUBDIVISION in the City of Bentonville, Benton County, Arkansas, according to the recorded Plat thereof, and such other additions as may hereafter be brought within the jurisdiction of the Association as provided for hereunder.

Section 3. "Common Area" shall mean all real property owned or maintained by the Association for the common use and enjoyment of the owners, and shall include, but shall not be limited to, the following: Reserves according to the recorded Plats thereof.

Section 4. "Declaration" shall mean and refer to that certain *Declaration of Covenants, Conditions and Restrictions for the Chapel Hill Subdivision* dated March 22, 2005, and recorded on April 27, 2005, in Book 2005 at Page 20432, in the office of the County Clerk for Benton County, Arkansas.

Section 5. "Lot" shall mean and refer to any single family lot comprising the Properties.

Section 6. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is part of the Properties, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation.

Section 7. "Member(s)" shall mean and refer to each person(s) entitled to membership as provided in the Declarations.

ARTICLE III **MEETING OF MEMBERS**

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one (1) year from the date of incorporation by the Association, at a date, time and place to be set by the Board of Directors. Each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter, or within ten (10) days thereof as may be determined by the Board of Directors.

Section 2 Special Meetings. The meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of a minimum of 25% of the Members who are entitled to vote signed, dated and delivered to any corporate officer, and such request shall state the purpose or purposes of the proposed meeting. Business at a special meeting so called shall be limited to the purpose or purposes stated in the call for such meeting.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of the notice, postage prepaid, at least fifteen (15) days nor more than sixty (60) days before such meetings to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by the Member to the Association for the purpose of notice. The notice of meeting shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting. The notice shall also contain a description of any matters to be addressed at the meeting which require approval of the Members under these By-Laws of the Statutes of the State of Arkansas.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, twenty percent (20%) of the votes shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation and these By-Laws. If, however, a quorum shall not be present or represented at any meeting, the Members present shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or be represented.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. Proxies shall be in writing and filed with the Secretary, and be in accordance with applicable law. Each proxy shall be revocable and shall automatically cease upon conveyance of the Lot of the Member who had given the proxy, by the Member's attendance at the meeting, or by the death or incapacity of the Member.

Section 6. Action by Written Consent. Any action required or permitted to be taken by the Members by these By-Laws may be approved without a meeting of the Members if such action is approved by least eighty percent (80%) of the Members who are entitled to vote. Such action shall be evidenced by one (1) or more written consents describing the action taken, signed by at least eighty percent (80%) of the Members who are entitled to vote, and delivered to the Secretary for inclusion in the minutes or filing with the corporate records.

ARTICLE IV

BOARD OF DIRECTORS; SELECTION, TERM OF OFFICE

Section 1. Number and Initial Board of Directors. The affairs of the Association shall be managed by a Board of Directors, who need not be Members of the Association. Until the first meeting of the Members of the Association, the affairs of the Association shall be governed by the initial Board of Directors consisting of the three (3) persons named in the Articles of Incorporation of the Association. If a vacancy occurs in the initial Board of Directors prior to the first meeting of the Members of the Association, such vacancy shall be filled by a person or persons designated by the Developer. Thereafter the Board shall consist of not less than three (3) or more than seven (7) Directors. The total number of Directors to serve on the Board of Directors will be determined by a majority vote of the Board of Directors at its regular meeting. Terms of the Directors shall be one (1) year.

Section 2. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a Director, his successor shall be elected by the remaining Members of the Board, and shall serve for the unexpired term of his predecessor.

Section 3. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 4. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a Member of the Board of Directors, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Nominees may be Members or non-Members of the Association.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot, if requested by any Member. At the election, each Member or his proxy may cast, for each vacancy, one (1) vote for each Lot owned by such Member. The persons receiving the largest number of votes shall be elected. Cumulative voting is prohibited.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. The first regular meeting of the first elected Board of Directors shall be held immediately following the first annual meeting of the Members. If a regularly scheduled meeting should fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday. The initial Board of Directors need not meet on a quarterly basis, and may conduct necessary business at special meetings called as provided for in Article VI, Section 2 below.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) Directors, after not less than three (3) days notice to each Director.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. An act or decision of the Board shall require the vote of a majority of the Directors present at a duly held meeting at which a quorum is present.

ARTICLE VII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have the power allowed for under the statutes of the State of Arkansas, and such additional powers including, but not limited to, the following:

- A. To adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the Members and their guests, licensees and tenants, and to establish penalties, including, but not limited to, the power to levy fines for the infraction thereof;
- B. To suspend the voting rights and right to use of the Common Area and facilities of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association;
- C. To suspend the right to use of the Common Area and facilities after notice and hearing for a period not to exceed sixty (60) days, for infraction of published rules and regulations;
- D. To exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, and the Declaration;
- E. To have the discretion to declare the office of a Director of the Board to be vacant in the event the Director shall be absent from three (3) consecutive regular meetings of the Board of Directors;
- F. To employ a manager, an independent contractor or such other employees as they deem necessary and to prescribe their duties; and
- G. To take such actions as is provided for and allowed by the provisions of these By-Laws, the Articles of Incorporation, and the Declaration as the

Board may from time to time determine to be necessary to enforce the covenants, conditions and restrictions, and rules and regulations of the Properties, including the authority to bring legal action in the name of the Association to enforce such provisions.

Section 2. Duties. It shall be the duty of the Board of Directors to:

- A. Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at a special meeting when the statement is requested in writing by Members having one-third (1/3) of the votes;
- B. Supervise all officers, agents and employees of this Association, and to see that their duties are properly informed;
- C. Pursuant to the provisions of the Declaration, to:
 - (1) Fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period; and
 - (2) Send written notice of each assessment to every owner subject thereto at least thirty (30) days in advance of each annual assessment period; and
 - (3) File and foreclose liens against any Lot(s) for which assessments, whether regular or special, have not been paid when due, or, in the alternative, bring an action at law against the Member personally obligated to pay the same.
- D. Issue, or to authorize an appropriate officer to issue, upon demand by any person, a Articles setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of a Articles. If a Articles states an assessment has been paid, the Articles shall be conclusive evidence of payment;
- E. Procure and maintain adequate liability and hazard insurance on property owned by the Association;
- F. Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and
- G. Cause the Common Area and other areas which are the responsibility of the Association to be maintained.

ARTICLE VIII
OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a President and Vice President, who shall at all times be Members of the Board of Directors, a Secretary and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Section 4. Special Appointments. The Board may elect other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. A resignation shall take effect on the date of receipt of such notice or at any other time specified therein, and unless otherwise specified therein, the acceptance of the resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to a vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. Other than the foregoing, no person shall simultaneously hold more than one (1) of any of other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

A. President. The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

B. Vice President. The Vice President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

C. Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring the same; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association, together with their addresses, and shall perform such other duties as required by the Board.

D. Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association, and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting and shall deliver a copy to each of the Members. The Treasurer shall also cause the books of account to be reviewed annually by a certified public account who shall prepare a report thereof to the Association.

ARTICLE IX
COMMITTEES

The Association shall appoint a Nominating Committee, as provided in these By-Laws, and shall appoint other committees as deemed appropriate.

ARTICLE X
BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation, and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at a reasonable cost.

ARTICLE XI
ASSESSMENTS

As provided in the Declaration, each Member is obligated to pay to the Association annual assessments which are secured by a continuing lien upon the Lot against which the assessment is made. Any assessments which are not paid when due shall be considered delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the highest allowable rate for the State of Arkansas per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

ARTICLE XII
CORPORATE SEAL

The Association may have a seal in circular form having within its circumference the words: Chapel Hill Property Owners Association, Inc.

ARTICLE XIII
AMENDMENTS AND CONFLICTS

Section 1. These By-Laws may be amended by a vote of two-thirds (2/3) of the votes cast by the Members at a regular or special meeting, or by a majority of the total number of Members entitled to vote, whichever number is less. Such vote may be either in person or by proxy. If an amendment to the By-Laws is to be considered at a regular or special meeting of the Members, the Board of Directors shall cause notice in writing to be given to all Members of the proposed amendment to be voted on at the meeting, and such notice shall contain or be accompanied by a copy or summary of the amendment to be considered.

Section 2. In the case of any conflict between the provisions of the Articles of Incorporation and these By-Laws, the provisions of the By-Laws shall control; and in case of any conflict between the provisions of the Declaration and these By-Laws, the provisions of the Declaration shall control.

ARTICLE XIV
MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, the undersigned, being the Directors of **Chapel Hill Property Owners Association, Inc.** has hereunto set our hands this _____ day of July, 2006.

Steve Davis

Jon Thompson

Donna Smith